
By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 31, 2003

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Contributory Law Enforcement Officers' Pension System - Transfers**
3 **of Service Credit**

4 FOR the purpose of authorizing transfers of service credit to and from the State
5 Contributory Law Enforcement Officers' Pension System under certain
6 circumstances; requiring certain individuals who transfer service credit from a
7 contributory system to the State Contributory Law Enforcement Officers'
8 Pension System to meet certain requirements, including depositing a certain
9 amount of money at a certain rate of interest, into the annuity savings fund of
10 the Law Enforcement Officers' Pension System; requiring that the retirement
11 allowance of certain individuals who transfer service credit from a
12 noncontributory system to the State Contributory Law Enforcement Officers'
13 Pension System be reduced by a certain amount; requiring the State
14 Contributory Law Enforcement Officers' Pension System to refund the total
15 accumulated contributions of certain individuals under certain circumstances;
16 requiring certain individuals who transfer service credit from the State
17 Contributory Law Enforcement Officers' Pension System to a contributory
18 system to deposit certain funds into a certain account of the contributory
19 system; altering certain defined terms; defining a certain term; and generally
20 relating to the transfer of service credit to and from the State Contributory Law
21 Enforcement Officers' Pension System.

22 BY renumbering
23 Article - State Personnel and Pensions
24 Section 37-101(p), (q), and (r), respectively
25 to be Section 37-101(q), (r), and (s), respectively
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 2002 Supplement)

28 BY repealing and reenacting, without amendments,
29 Article - State Personnel and Pensions
30 Section 37-101(a)
31 Annotated Code of Maryland
32 (1997 Replacement Volume and 2002 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - State Personnel and Pensions
3 Section 37-101(d), 37-203(a), and 37-203.1
4 Annotated Code of Maryland
5 (1997 Replacement Volume and 2002 Supplement)

6 BY adding to
7 Article - State Personnel and Pensions
8 Section 37-101(p)
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2002 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That Section(s) 37-101(p), (q), and (r), respectively, of Article - State
13 Personnel and Pensions of the Annotated Code of Maryland be renumbered to be
14 Section(s) 37-101(q), (r), and (s), respectively.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
16 read as follows:

17 **Article - State Personnel and Pensions**

18 37-101.

19 (a) In this title the following words have the meanings indicated.

20 (d) "Contributory system" means a State or local retirement or pension
21 system, other than the State Contributory Employees' Pension System, THE STATE
22 CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State
23 Contributory Teachers' Pension System, under which member contributions are
24 deducted from all compensation.

25 (P) "STATE CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION
26 SYSTEM" MEANS THE PART OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM
27 OF THE STATE OF MARYLAND THAT PROVIDES A CONTRIBUTORY PENSION BENEFIT
28 UNDER TITLE 26, SUBTITLE 2, PART II OF THIS ARTICLE.

29 37-203.

30 (a) This section does not apply to a transfer of service credit to or from the
31 State Contributory Employees' Pension System, THE STATE CONTRIBUTORY LAW
32 ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State Contributory Teachers'
33 Pension System.

34 37-203.1.

35 (a) (1) An individual may transfer service credit from a contributory system
36 to the State Contributory Employees' Pension System, THE STATE CONTRIBUTORY

1 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State Contributory
2 Teachers' Pension System if, within 1 year after becoming a member of the pension
3 system, the individual:

4 (i) completes a claim for the service credit and files it with the
5 Board of Trustees of the State Retirement and Pension System on a form that the
6 Board of Trustees provides; and

7 (ii) deposits in the annuity savings fund of:

8 1. the Employees' Pension System or Teachers' Pension
9 System member contributions at the rate of 2% of the individual's earnable
10 compensation while a member of the contributory system after June 30, 1998,
11 including regular interest on the contributions at the rate of 5% per year compounded
12 annually; OR

13 2. THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM
14 MEMBER CONTRIBUTIONS AT THE RATE OF 4% OF THE INDIVIDUAL'S EARNABLE
15 COMPENSATION WHILE A MEMBER OF THE CONTRIBUTORY SYSTEM AFTER JUNE 30,
16 2000, INCLUDING REGULAR INTEREST ON THE CONTRIBUTIONS AT THE RATE OF 5%
17 PER YEAR COMPOUNDED ANNUALLY.

18 (2) The contributory system shall refund the individual's accumulated
19 contributions in excess of the amount determined under paragraph (1) of this
20 subsection on request.

21 (b) (1) Subject to paragraph (2) of this subsection, an individual may
22 transfer service credit from a noncontributory system to the State Contributory
23 Employees' Pension System, THE STATE CONTRIBUTORY LAW ENFORCEMENT
24 OFFICERS' PENSION SYSTEM, or the State Contributory Teachers' Pension System if,
25 within 1 year after becoming a member of the Pension System, the individual
26 completes a claim for the service credit and files it with the Board of Trustees for the
27 State Retirement and Pension System on a form that the Board of Trustees provides.

28 (2) The noncontributory system may not refund the individual's
29 accumulated contributions.

30 (3) (i) 1. This [paragraph] SUBPARAGRAPH applies only to an
31 individual who TRANSFERRED SERVICE CREDIT FROM A NONCONTRIBUTORY
32 SYSTEM TO THE STATE CONTRIBUTORY EMPLOYEES' PENSION SYSTEM OR THE
33 STATE CONTRIBUTORY TEACHERS' PENSION SYSTEM AND earned any portion of the
34 transferred service credit in a noncontributory system after June 30, 1998.

35 [(ii)] 2. On retirement [from the State Contributory Employees'
36 Pension System or the State Contributory Teachers' Pension System], the individual's
37 retirement allowance shall be reduced by the actuarial equivalent of the accumulated
38 contributions that would have been deducted during the period after June 30, 1998,
39 when the individual was a member of the noncontributory system, if the individual
40 had earned the transferred service credit under the State Contributory Employees'
41 Pension System or the State Contributory Teachers' Pension System, including

1 regular interest on those contributions at the rate of 5% per year compounded
2 annually.

3 (II) 1. THIS SUBPARAGRAPH APPLIES ONLY TO AN INDIVIDUAL
4 WHO TRANSFERRED SERVICE CREDIT FROM A NONCONTRIBUTORY SYSTEM TO THE
5 STATE CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SYSTEM AND
6 EARNED ANY PORTION OF THE TRANSFERRED SERVICE CREDIT IN A
7 NONCONTRIBUTORY SYSTEM AFTER JUNE 30, 2000.

8 2. UPON RETIREMENT THE INDIVIDUAL'S RETIREMENT
9 ALLOWANCE SHALL BE REDUCED BY THE ACTUARIAL EQUIVALENT OF THE
10 ACCUMULATED CONTRIBUTIONS THAT WOULD HAVE BEEN DEDUCTED DURING THE
11 PERIOD AFTER JUNE 30, 2000, WHEN THE INDIVIDUAL WAS A MEMBER OF THE
12 NONCONTRIBUTORY SYSTEM, IF THE INDIVIDUAL HAD EARNED THE TRANSFERRED
13 SERVICE CREDIT UNDER THE STATE CONTRIBUTORY LAW ENFORCEMENT OFFICERS'
14 PENSION SYSTEM, INCLUDING REGULAR INTEREST ON THOSE CONTRIBUTIONS AT
15 THE RATE OF 5% PER YEAR COMPOUNDED ANNUALLY.

16 (c) (1) An individual may transfer service credit from the State
17 Contributory Employees' Pension System, THE STATE CONTRIBUTORY LAW
18 ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State Contributory Teachers'
19 Pension System to a noncontributory system if, within 1 year after becoming a
20 member of the noncontributory system, the individual completes a claim for the
21 service credit and files it with the administrator of the noncontributory system on a
22 form that the administrator provides.

23 (2) The State Contributory Employees' Pension System, THE STATE
24 CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State
25 Contributory Teachers' Pension System shall refund the individual's total
26 accumulated contributions to the individual on request.

27 (d) (1) An individual may transfer service credit from the State
28 Contributory Employees' Pension System, THE STATE CONTRIBUTORY LAW
29 ENFORCEMENT OFFICERS' PENSION SYSTEM, or the State Contributory Teachers'
30 Pension System to a contributory system if, within 1 year after becoming a member of
31 the contributory system, the individual:

32 (i) completes a claim for the service credit and files it with the
33 administrator of the contributory system on a form that the administrator provides;
34 and

35 (ii) deposits in the annuity savings fund or other corresponding
36 fund of the contributory system the sum of:

37 1. the total accumulated contributions to the individual's
38 credit in the annuity savings fund of the State Contributory Employees' Pension
39 System, THE STATE CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION
40 SYSTEM, or the State Contributory Teachers' Pension System;

